

**THE METROHEALTH SYSTEM
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
REGULAR MEETING MINUTES**

DATE: Wednesday, June 12, 2019

TIME: 2:00 to 4:00 p.m.

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Whiting

STAFF: D. Fiser, G. Himes, M. Phillips, C. Richmond, C. Forino Wahl

GUESTS: R. Barre, J. Mylen (KPMG), J. Croy (RSM)

Mr. McDonald called the meeting of the Audit and Compliance Committee to order at 2:00 p.m. Please note that minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. The minutes of the regular Audit and Compliance Committee meeting held on March 20, 2019 were approved as presented.

II. INFORMATION ITEMS

Mr. McDonald introduced Craig Richmond, Executive Vice President, Chief Financial Officer who provided an update regarding RSM our external auditors stating that RSM's services have been approved and extended by the Ohio Auditor of State for another five-year term. Mr. Richmond also mentioned that NV5 has been engaged as The MetroHealth System's Construction Monitor stating NV5 will provide quarterly monitoring reports regarding the progress of construction of the Transformation Project, which will be comprised of actual costs incurred and anticipated to be incurred through completion through the year 2023. Mr. Richmond stated The MetroHealth System was awarded the Ohio Auditor of State Award which is presented for excellence in financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) and compliance with applicable laws for the fiscal year ended 2018.

Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer provided an update on the second quarter compliance program activities stating twenty-two percent of the annual work plan has been completed. Ms. Wahl stated that MetroHealth reviewed the Ethisphere analysis of its World's Most Ethical Company application and developed an action plan to address opportunities prior to submitting the 2020 application. Ms. Wahl mentioned that the Ethics and Compliance department continues to make significant progress on its 2019 goals. Compliance case reports have increased slightly over the last three months and the number of reports is 0.66 per 100 employees which is below the national benchmark of 1.4 reports per 100 employees. The number of cases reported anonymously is below the national benchmark signaling that employees are willing to identify themselves when speaking up about their compliance concerns. Ms. Wahl mentioned that pending the Board's approval at the next meeting, the Code of Conduct will be

updated to remove reference to a retired policy and that the entire document is now available in Spanish. Ms. Wahl shared that research-related conflicts of interest are now reviewed and managed by the Ethics and Compliance department. Lastly, Ms. Wahl stated that a committee was formed to address provider coding and documentation risk areas as well as a committee to enhance the oversight of privacy and security risks associated with third-parties.

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit. Mr. Mylen introduced Robin Barre, Director, who is part of the Internal Audit team. Mr. Mylen and Ms. Barre provided an update of the 2019 Internal Audit Plan and an overview of the accomplishments and goals for the second quarter. Mr. Mylen proceeded with providing an update on the second quarter 2019 Internal Audit Plan stating Internal Audit (IA) continues to perform quarterly analytics and auditing procedures for payroll, Infor segregation of duties, and procure to pay processes. Ms. Barre mentioned IA continues to support and participate in the financial reporting governance program and that RSM, MetroHealth's external auditor, discussed coordination and potential control reliance opportunities associated with the IT general controls supporting financial reporting controls. Mr. Mylen stated IA will provide data analytics general education training to the Ethics and Compliance team and that in response to survey feedback the department has enhanced audit communication and improved report distribution with key stakeholders. Ms. Barre stated that as MetroHealth continues to enhance their financial reporting and governance processes and that IA has worked with Finance to help establish and develop procedures for a Financial Reporting Disclosure Committee (FRDC). The FRDC was implemented in the fourth quarter of 2018. Ms. Barre also stated the FRDC will oversee procedures similar to those adopted by public companies to help ensure adequate internal controls over financial reporting as part of the Sarbanes-Oxley Act of 2002 (SOX) compliance programs. Mr. Mylen mentioned that the 2019 Internal Audit Plan is on track and consists of fifty-two projects. The plan includes fifteen internal audits that are coordinated with Ethics and Compliance.

Mr. Richmond introduced John Croy, RSM Senior Director and National Leader of Construction Advisory Services, who provided an update on the Transformation Project construction cost review services. Mr. Croy stated they continue to conduct monthly reviews of the major vendors and contractors participating in the project as well as participates in the pencil draw process (draw invoice review). Mr. Croy indicated they reviewed the Guaranteed Maximum Price (GMP) contract for Phase B which was the second of three proposals to be executed. The review identified several adjustments which were applied to the final GMP.

David Fiser, Vice President, Chief Information Officer, provided a Cyber Security Program update. Mr. Fiser stated that Information Services continues to enhance the cyber phishing program and that monthly phishing tests have been completed for January through May. Mr. Fiser mentioned that additional phishing and cyber education for employees was provided in March and April. Mr. Fiser shared that Imprivata has been selected for the remote Multi-Factor Authentication solution. Mr. Fiser also discussed that MCPc has been selected for a remote hosted Security Operations Center (SOC). The SOC provides 24/7/365 monitoring of MetroHealth's cyber security systems for threat detection and on-site cyber remediation assistance with targeted completion in the fourth quarter of 2019. Mr. Fiser proceeded with providing an update on recent HIPAA Security and Cyber Maturity Assessment with KPMG, MetroHealth's Internal Auditors. KPMG recommended several areas of opportunity to further enhance security posture and information services continues to establish an overall plan and project initiation stages throughout 2019.

Mr. Fiser continued with his Information Technology (IT) update stating Information Services has completed the Business Impact Analysis (BIA) reviews with various departments. As previously discussed, Mr. Fiser mentioned MetroHealth currently utilizes University Hospitals Elyria Medical Center Data Center as the Disaster Recovery site and was notified to vacate by December of 2019.

Mr. Fiser discussed that the Involta Data Center which is a co-location site in Akron, Ohio has been selected for hosting MetroHealth's Disaster Recovery site. IT has initiated the Disaster Recovery data center move and is completing the procurement of the hardware, software and services for the Disaster Recovery with a target completion in the third quarter of 2019. Mr. Fiser stated the selection of the partner for a new Technology Strategic Plan has been completed. The three to five-year technology plan will be in alignment with the MetroHealth system strategic plan and estimated to be completed by the end of the year.

A motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 3:56 p.m.

III. NON-CONSENT /ACTION ITEMS

A. No items at this time

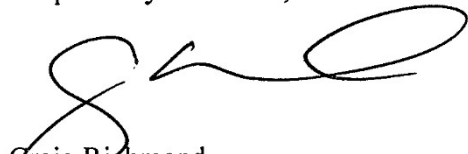
IV. CONSENT ITEMS

A. A Recommendation to the MetroHealth System Board of Trustees for the Approval of the Code of Conduct

The Committee unanimously approved the recommendation for full Board action.

There being no further business to bring before the Committee, the meeting was adjourned at 4:05 p.m.

Respectfully submitted,



Craig Richmond
Executive Vice President and
Chief Financial Officer